

PRINCE ALBERT

MUNICIPALITY



FINANCIAL STATEMENTS

30 JUNE 2012

PRINCE ALBERT LOCAL MUNICIPALITY

Index

<i>Contents</i>	<i>Page</i>
General Information	1
Approval of the Financial Statements	2
Report of the Auditor General	
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes In Net Assets	5
Cash Flow Statement	6
Accounting Policies	7 - 33
Notes to the Financial Statements	34 - 64
 APPENDICES - Unaudited	
A Schedule of External Loans	65
B Segmental Statement of Financial Performance - Municipal Votes	66
C Segmental Statement of Financial Performance	67
D Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	68

PRINCE ALBERT LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

GENERAL INFORMATION

NATURE OF BUSINESS

Prince Albert Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Prince Albert Municipality includes the following areas:

*Prince Albert
Klaarstroom
Leeu Gamka*

MUNICIPAL MANAGER

Mr. H Mettler

ACTING CHIEF FINANCIAL OFFICER

Mr. J Neethling

REGISTERED OFFICE

*Private Bag X53
PRINCE ALBERT
6730*

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

ABSA, Prince Albert

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

AUDIT COMMITTEE MEMBERS

S.E. Delport
D.S.Rennie
P.J. Theron
A. Taute

PRINCE ALBERT LOCAL MUNICIPALITY

MEMBERS OF THE PRINCE ALBERT LOCAL MUNICIPALITY

COUNCILLORS

Ward	G Lottering
Ward	ND Jaftha
Ward	NS Abrahams
Ward	IJ Windvogel
Proportional	CD Bower
Proportional	AL Rabie
Proportional	C Stols

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2012, which are set out on pages 1 to 64 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2012 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Mr. H Mettler
Municipal Manager

Date

PRINCE ALBERT LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012
REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the financial position of PRINCE ALBERT LOCAL MUNICIPALITY for the fiscal year 2011/2012

In rendering a corporate financial management service to all departments, the Finance Department's primary objective is to assist the Municipal Manager and senior management to manage their budgets and ensure the effective application of financial resources in rendering services to the community.

Price Albert Municipality is now compliant with the requirements of GRAP. It has been a long, difficult and very expensive process, the worth of which is at best minimal. In times when municipalities are battling to balance their budgets and when there is little or no local economic growth, to be able to know what the depreciated replacement cost of a pipe buried three metres under the ground beggars belief. It was once said that municipal financials were opaque and there was truth in that statement, but in making them less opaque and embracing transparency, we have assumed that people will understand them better and, even more so, that they actually care about what they are reading. People, just like banks and credit agencies, want to know what the budget is, what the debtors are like and have you got cash to pay your creditors. Nothing we have done in the last six years, in order to reach GRAP compliance, changes that.

2. KEY FINANCIAL INDICATORS

The economic downturn and the Eskom issues continue to play havoc with good financial management. The Prince Albert economy has been battered of late and all indications are that it will get worse before it gets better.

This is not because of bad or incompetent management, but because it is the nature of the business and the economy. I would therefore hope that National and Provincial bureaucrats take heed of this fact before making any incorrect or ill-conceived statements or judgements.

Financial Statement Ratios:

INDICATOR	30 June 2012	30 June 2011
Surplus / (Deficit) for the year before Appropriations	8 732 806	(5 165 083)
Accumulated Surplus / (Deficit) at the end of the Year	65 476 957	56 744 151
Expenditure Categories as a percentage of Total Expenses:		
Employee related costs	25.57%	29.17%
Remuneration of Councillors	5.81%	4.40%
Debt Impairment	0.19%	1.88%
Depreciation and Amortisation	3.99%	2.97%
Impairments	0.00%	0.02%
Repairs and Maintenance	1.94%	1.43%
Actuarial losses	0.60%	2.32%
Finance Charges	0.97%	0.42%
Bulk Purchases	20.27%	15.07%
Contracted services	0.00%	0.00%
Grants and Subsidies	0.00%	0.00%
Stock Adjustments	0.00%	0.00%
Operating Grant Expenditure	16.51%	5.48%
General Expenses	24.16%	36.84%
Loss on disposal of Property, Plant and Equipment	0.00%	-0.06%
Fair Value Adjustments		
Current Ratio:		
Creditors Days	44	37
Debtors Days	193	172

One indicator needing comment is that of repairs and maintenance. In recent years there has been made much comments as to how low this ration is. It should be noted that the ratio improvement has been achieved despite the massive increases in Eskom charges. The increase in debtors ratio was due to an interim valuation that was levied during June 2012 and various service charges that was incorrectly levied and corrected during the year and back dated to previous years.

3. OPERATING RESULTS

The overall operating results for the year ended 30 June 2012 are as follows:

DETAILS	Actual 2011/2012 R	Actual 2010/2011 R	Percentage Variance %	Budgeted 2011/2012 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	56 744 151	54 111 713	4.86%	-	-
Operating income for the year (incl. gains in disposal of assets)	44 355 307	34 573 037	28.29%	46 375 111	-4.36%
Appropriations for the year	-	7 797 522	-100.00%	-	-
	101 099 458	96 482 271	4.79%	46 375 111	118.00%
Expenditure:					
Operating expenditure for the year	35 622 501	39 715 550	-10.31%	39 578 666	-10.00%
Sundry transfers	-	-	0.00%	-	-
Closing surplus / (deficit)	65 476 957	56 744 151	15.39%	-	-
	101 099 458	96 459 701	4.81%	39 578 666	155.44%

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R 10 571 045 (2010/2011: R 16 346 949), and in percentage terms amounts to 99% of budget. Full details of Property, Plant and Equipment are disclosed in note number 12 to the Annual Financial Statements.

The capital expenditure of R 10 571 045 (2011/12) was financed as follows:

DETAILS	Actual 2011/2012 R	Budgeted 2011/2012 R	Percentage Variance %	Source of funding as % of total Cap exp
Capital Replacement Reserve				0.00%
External Loans				0.00%
Grants and Subsidies	10 421 446	10 992 550	5.20%	98.58%
Leased Assets	149 599	-	100%	1.42%
	10 571 045	10 992 550	1	100.00%

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	30 June 2012	30 June 2011
Capital Replacement Reserve	0.00%	0.00%
External Loans	0.00%	0.00%
Finance Leases	1.42%	0.56%
Capitalisation Reserve	0.00%	0.00%
Grants and Subsidies	98.58%	99.44%
Public Contributions	0.00%	0.00%

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	30 June 2012
<i>Variance per Category:</i>	
Budgeted surplus before appropriations	6 796 445
Revenue variances	(2 228 196)
Expenditure variances:	
Exec & Council	(148 135)
Corporate	(37 451)
Finance	824 103
Strategy	(2 297 654)
Planning	(39 335)
Community	(281 871)
Electricity	(1 095 825)
Technical	(879 996)
Actual surplus before appropriations	612 084

DETAILS	30 June 2012	30 June 2011
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	6 796 445	#REF!
Executive and Council	(148 135)	
Corporate Services	(37 451)	
Strategic Services	(2 297 654)	
Financial Services	824 103	
Community Services	(281 871)	
Planning & Building Services	(39 335)	
Electrical Services	-	
Technical Services	-	
Environmental Protection	-	
Waste Management	(573 859)	
Roads and Transport	(318 368)	
Water	(1 224 930)	
Electricity	(1 095 825)	
Other	1 237 160	
Actual surplus before appropriations	2 840 280	

Details of the operating results per segmental classification of expenditure and of operational results per category of expenditure, together with an explanation of variances of more than 10% from budget, are included in Note 39

5.2 Capital Budget:

DETAILS	Actual 2011/2012 R	Budgeted 2011/2012 R	Variance actual/ budgeted R
Executive & Council	-	-	-
Corporate	-	-	-
Finance	357 340	577 340	(220 000)
Strategy	-	-	-
Planning	-	-	-
Community	5 162 027	6 639 032	(1 477 005)
Electricity	-	-	-
Technical	5 051 679	5 226 161	(174 482)
	10 571 046	12 442 533	(1 871 487)

Details of the results per segmental classification of capital expenditure are included in Appendix C, together with an explanation of variances of more than 5% from budget, are included in Note 41

5. LONG-TERM LIABILITIES

	2012 R	2011 R
The outstanding amount of Long-term Liabilities as at 30 June was :	185 902	78 313
New loans taken up during the financial year to enable the municipality to finance part of its capital requirements.	-	-

Refer to Note number 3 and Appendix "A" for more detail.

6. NON-CURRENT PROVISIONS AND NON-CURRENT EMPLOYEE BENEFITS

Non-current Provisions and Employee Benefits at 30 June are made up as follows:	3 923 284	3 467 240
Provision for Post Retirement Benefits	3 676 424	3 253 257
Provision for Ex-Gratia Pension Benefits	-	-
Provision for Long Service Awards	246 860	213 983
Provision for Rehabilitation of Landfill-sites	-	-
Provision for Clearing of Alien Vegetation	-	-
	3 923 284	3 467 240

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Notes number 4 and 5 for more detail.

7. CURRENT LIABILITIES

Current Liabilities are made up as follows:			
Consumer Deposits	Note number 6	335 718	321 290
Current Employee benefits	Note number 7	1 070 891	900 863
Provisions	Note number 8		
Payables from exchange transactions	Note number 9	2 024 807	2 147 131
Unspent Conditional Government Grants and Receipts	Note number 10	1 474 866	1 440 045
Taxes	Note number 12.1	-	-
Operating Lease Liability	Note number 23.1	-	-
Cash and Cash Equivalents	Note number 24	77 780	-
Current Portion of Long-term Liabilities	Note number 3	47 222	16 574
		5 031 284	4 825 903

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason to why the municipality will not be able to meet its obligations.
Refer to the indicated Note numbers for more detail.

8. INTANGIBLE ASSETS

The net value of Intangible Assets is:	110 868	133 985
These are assets which cannot physically be identified and verified and are all in respect of computer software.		
Refer to Note number 15 for more detail.		

9. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment is:	52 744 449	43 527 122
Refer to Note number 13 for more detail.		

10. INVESTMENTS

The municipality held Investments to the value of :	-	-
These investments are ring-fenced for purposes of either the security for and repayment of Long-term Liabilities or the collateral on staff housing loans, with the result that no amounts are available for own		
Refer to Note number 17 for more detail.		

11. LONG-TERM RECEIVABLES

- -

Refer to Note number 19 for more detail.

12. CURRENT ASSETS

Current Assets are made up as follows:

Inventory	Note number 20	658 054	653 771
Receivables from exchange transactions	Note number 21	3 477 468	2 055 585
Receivables from non-exchange transactions	Note number 22	275 058	75 367
Unpaid Conditional Government Grants and Receipts	Note number 10	36 078	304 320
Operating Lease Asset	Note number 23.2	40 801	37 985
Taxes	Note number 12	187 873	1 576 786
Current Portion of Long-term Receivables	Note number 19	-	-
Cash and Cash Equivalents	Note number 24	3 573 534	3 217 146
		8 248 866	7 920 960

Refer to the indicated Note numbers for more detail.

13. INTER-GOVERNMENTAL GRANTS

The municipality plays the major role in the upliftment of the poor and in sustaining and improving infrastructure for all its citizens for which it uses grants received from government and other organisations, and thus it has a big responsibility as custodian of these funds.

Refer to note 10 and 23 for more detail

14. EVENTS AFTER THE REPORTING DATE

Full details of all events after reporting date are disclosed in note 45.

15. DISCLOSURE ISSUES

On 3 July 2012, Council and the former Municipal Manager came to an amicable agreement amounting to R 418 000 and part ways. This is not a post-reporting date event but it may become an expenditure issue in the 2011/2012 financials and therefore can be noted.

16. EXPRESSION OF APPRECIATION

I am grateful to the Municipal Manager, Directors and Heads of Departments for the support they extended during the financial year.

The work involved in producing these financial statements just gets more detailed each year and therefore my heartfelt thanks goes to my own staff at all levels and in all departments, for their hard work and dedication.

Mr. J Neethling
ACTING CHIEF FINANCIAL OFFICER
24 July 2012

PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012

	Notes	2012 R	Restated 2011 R
NET ASSETS AND LIABILITIES			
Net Assets		66 282 780	57 549 974
Capital Replacement Reserve	2	-	-
Housing Development Fund	2	805 823	805 823
Accumulated Surplus/(Deficit)		65 476 957	56 744 151
Non-Current Liabilities		4 634 030	4 466 183
Long-term Liabilities	3	138 680	61 739
Employee benefits	4	3 501 908	3 092 409
Non-Current Provisions	5	993 442	1 312 035
Current Liabilities		5 415 479	4 825 903
Consumer Deposits	6	335 718	321 290
Current Employee benefits	7	1 070 891	900 863
Current Provisions	8	384 195	-
Trade and other payables	9	2 024 807	2 147 131
Unspent Conditional Government Grants and Receipts	10	1 474 866	1 440 045
Taxes	11	-	-
Bank Overdraft	21	77 780	-
Current Portion of Long-term Liabilities	3	47 222	16 574
Total Net Assets and Liabilities		76 332 289	66 842 060
ASSETS			
Non-Current Assets		68 083 423	58 921 100
Property, Plant and Equipment	12	52 744 449	43 527 122
Investment Property	14	15 158 731	15 160 554
Intangible Assets	15	110 868	133 985
Capitalised Restoration Costs	13	69 375	94 039
Biological Assets	16	-	5 400
Current Assets		8 248 866	7 920 960
Inventory	17	658 054	653 771
Trade Receivables from exchange transactions	18	3 477 468	2 055 585
Other Receivables from non-exchange transactions	19	275 058	75 367
Unpaid Conditional Government Grants and Receipts	10	36 078	304 320
Lease Asset	20	40 801	37 985
Taxes	11	187 873	1 576 786
Cash and Cash Equivalents	21	3 573 534	3 217 146
Total Assets		76 332 289	66 842 060

PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 (Actual) R	2011 (Restated) R	Correction of error R	2011 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		28 774 189	22 017 891	(56 176)	22 074 068
Taxation Revenue		1 718 599	1 584 714	(56 176)	1 640 890
Property taxes	22	1 718 599	1 584 714	(56 176)	1 640 890
Transfer Revenue		26 009 383	13 930 289	-	13 930 289
Government Grants and Subsidies - Capital	23	10 421 445	2 161 187	-	2 161 187
Government Grants and Subsidies - Operating	23	15 587 938	10 340 654	-	10 340 654
Public Contributions and Donations		-	1 428 448		1 428 448
Other Revenue		1 046 207	6 502 888	-	6 502 888
Actuarial Gains		-	-	-	-
Third Party Payments		-	92 800	-	92 800
Fines		1 046 207	6 410 088	-	6 410 088
Revenue from Exchange Transactions		15 581 118	12 555 145	(118 365)	12 673 511
Service Charges	24	13 035 114	11 423 695	(118 365)	11 542 060
Debt Impairment		306 999			
Rental of Facilities and Equipment		69 336	69 585		69 585
Interest Earned - external investments		462 474	641 313		641 313
Interest Earned - outstanding debtors		208 392	-		-
Licences and Permits		87 137	100 704		100 704
Other Income	25	1 411 666	319 848	-	319 849
Total Revenue		44 355 307	34 573 037	(174 541)	34 747 578
EXPENDITURE					
Employee related costs	26	9 108 000	11 584 628		11 584 629
Remuneration of Councillors	27	2 070 864	1 747 876		1 747 876
Debt Impairment	28	65 966	746 879		746 879
Depreciation and Amortisation	29	1 420 907	1 181 420	(29 176)	1 210 596
Impairments	30	399	7 966		7 966
Repairs and Maintenance		690 174	566 516	(12 255)	578 771
Actuarial losses	4	214 899	921 564		921 564
Finance Charges	31	343 958	165 750		165 750
Bulk Purchases	32	7 219 662	5 984 003	358 987	5 625 016
Operating Grant Expenditure	39.4	5 882 723	2 176 241		2 176 241
General Expenses	33	8 604 949	14 632 708	100 928	14 531 780
Total Expenditure		35 622 501	39 715 550	418 484	39 297 068
Operating Surplus for the Year		8 732 806	(5 142 513)	(593 025)	(4 549 490)
Loss on disposal of Property, Plant and Equipment		-	(22 570)	-	(22 570)
NET (DEFICIT) SURPLUS FOR THE YEAR		8 732 806	(5 165 083)	(593 025)	(4 572 060)

PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012

	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus	Total
	R	R	R	R
Balance at 1 JULY 2010	805 823	7 797 522	53 865 980	62 469 325
Correction of error - note 34.3		-	245 733	245 733
Restated Balance at 1 JULY 2010	805 823	7 797 522	54 111 713	62 715 058
Transfer to/from Capitalisation Reserve		(7 797 522)	7 797 522	
Net Deficit for the year		-	(5 165 083)	(5 165 083)
Restated Balance at 30 JUNE 2011	805 823	-	56 744 151	57 549 975
Net Surplus for the year	-	-	8 732 806	8 732 806
Transfer to/from Capitalisation Reserve	-	-	-	-
Balance at 30 JUNE 2012	805 823	-	65 476 957	66 282 780

PRINCE ALBERT LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Notes	30 JUNE 2012 R	30 JUNE 2011 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		17 986 492	19 058 110
Government - operating		15 587 938	10 340 654
Government - capital		10 421 445	2 161 187
Interest		670 866	641 313
Dividends		-	-
Payments			
Suppliers and employees		(33 577 165)	(37 370 532)
Finance charges	31	(343 958)	(165 750)
Transfers and Grants		-	-
Cash generated by operations	35	10 745 619	(5 335 018)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	12	(10 571 045)	(4 862 065)
Transfers PPE		-	-
Proceeds on Disposal of Fixed Assets		-	(22 570)
Purchase of Intangible Assets		(17 985)	(75 955)
Increase in Long-term Receivables		-	21 258
Net Cash from Investing Activities		(10 589 030)	(4 939 332)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(42 009)	(56 293)
New loans raised		149 599	90 072
Increase in Consumer Deposits		14 428	15 090
Net Cash from Financing Activities		122 018	48 869
NET INCREASE IN CASH AND CASH EQUIVALENTS		278 607	(10 225 481)
Cash and Cash Equivalents at the beginning of the year		3 217 146	13 442 627
Cash and Cash Equivalents at the end of the year	36	3 495 754	3 217 146
NET INCREASE IN CASH AND CASH EQUIVALENTS		278 608	(10 225 481)

	2012 R	2011 R
2 NET ASSET RESERVES		
Capital Replacement Reserve	-	-
Housing Development Fund	805 823	805 823
Total Net Asset Reserves	805 823	805 823
3 LONG-TERM LIABILITIES		
Capitalised Lease Liability - At amortised cost	185 902	78 313
	185 902	78 313
Current Portion transferred to Current Liabilities	47 222	16 574
Capitalised Lease Liability - At amortised cost	47 222	16 574
	138 680	61 739
Total Long-term Liabilities - At amortised cost using the effective interest rate method	138 680	61 739
The obligations under finance leases are scheduled below:		
	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	56 329	21 077
Payable within two to five years	149 848	68 500
Payable after five years	-	-
	206 177	89 577
Less: Future finance obligations	(20 275)	(11 265)
Present value of lease obligations	185 902	78 312
Leases are secured by property, plant and equipment - Note 12		
4 EMPLOYEE BENEFITS		
Post Retirement Benefits - Refer to Note 4.1	3 501 908	3 092 409
Total Non-current Employee Benefit Liabilities	3 501 908	3 092 409
<u>Post Retirement Benefits</u>		
Balance 1 July	3 253 257	2 182 087
Contribution for the year	99 185	81 413
Interest Cost	267 545	194 481
Expenditure for the year	(158 462)	(126 288)
Actuarial Loss/(Gain)	214 899	921 564
Total post retirement benefits 30 June	3 676 424	3 253 257
Less: Transfer of Current Portion - Note 7	(174 516)	(160 848)
Balance 30 June	3 501 908	3 092 409
<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
Balance 1 July	3 253 257	2 182 087
Contribution for the year	99 185	81 413
Interest cost	267 545	194 481
Expenditure for the year	(158 462)	(126 288)
Actuarial Loss/(Gain)	214 899	921 564
Total employee benefits 30 June	3 676 424	3 253 257
Less: Transfer of Current Portion - Note 7	(174 516)	(160 848)
Balance 30 June	3 501 908	3 092 409

4	EMPLOYEE BENEFITS (CONTINUE)	2012	2011
		R	R
4.1	Post Retirement Benefits		
The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:			
	In-service (employee) members	16	14
	In-service (employee) non-members	29	35
	Continuation members (e.g. Retirees, widows, orphans)	7	7
	Total Members	52	56
The liability in respect of past service has been estimated to be as follows:			
	In-service members	1 513 866	1 302 842
	Continuation members	2 162 558	1 950 415
	Total Liability	3 676 424	3 253 257
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:			
	2011	2010	2009
	R	R	R
	In-service members	1 302 842	697 000
	Continuation members	1 950 415	1 259 396
	Total Liability	3 253 257	1 956 396
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:			
	Bonitas;		
	LA Health		
	Samwumed; and		
	Keyhealth.		
Key actuarial assumptions used:			
		2012	2011
		%	%
i) Rate of interest			
	Discount rate	7.56%	8.43%
	Health Care Cost Inflation Rate	7.04%	7.27%
	Net Effective Discount Rate	0.49%	1.08%
ii) Mortality rates			
	The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.		
iii) Normal retirement age			
	It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.		
		2012	2011
		R	R
The amounts recognised in the Statement of Financial Position are as follows:			
	Present value of fund obligations	3 501 908	3 092 409
	Net liability/(asset)	3 501 908	3 092 409
The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).			
Reconciliation of present value of fund obligation:			
		R	R
	Present value of fund obligation at the beginning of the year	3 253 257	2 182 087
	Total expenses	208 268	149 606
	Current service cost	99 185	81 413
	Interest Cost	267 545	194 481
	Benefits Paid	(158 462)	(126 288)
	Actuarial (gains)/losses	214 899	921 564
	Present value of fund obligation at the end of the year	3 676 424	3 253 257
	Less: Transfer of Current Portion - Note 7	(174 516)	(160 848)
	Balance 30 June	3 501 908	3 092 409

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	1 514	2 163	3 677	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	1908	2 383	4 291	17%
Health care inflation	-1%	1212	1 970	3 182	-13%
Post-retirement mortality	-1 year	1570	2 257	3 827	4%
Average retirement age	-1 year	1641	2 163	3 804	3%
Withdrawal Rate	-50%	1730	2 163	3 893	6%

4.2 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2011 revealed that the fund is in a sound financial position with a funding level of 98.10% (30 June 2010 - 100%).

636 050 664 951

CAPE JOINT RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in a sound financial position with a funding level of 100.3.% (30 June 2010 - 103.3%).

DEFINED CONTRIBUTION PLANS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

5

NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites

Total Non-current Provisions

2012 R	2011 R
993 442	1 312 035
993 442	1 312 035
Balance 1 July	1 312 035
Contribution for the year	65 602
1 377 637	1 312 035
(384 195)	
993 442	1 312 035

Landfill Sites

Balance 1 July
Contribution for the year

Total provision 30 June
Current Portion - Refer to note 8

Balance 30 June

6	CONSUMER DEPOSITS	2012 R	2011 R
	Electricity	260 803	270 436
	Balance Previously Reported		270 436
	Correction of Error - Note		(1)
	Water	74 915	50 855
	Total Consumer Deposits	335 718	321 290
	Guarantees held in lieu of Electricity and Water Deposits	-	-
	The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.		
7	CURRENT EMPLOYEE BENEFITS		
	Current Portion of Post Retirement Benefits - Note 4	174 516	160 848
	Staff Leave	649 515	526 033
	Bonuses	246 860	213 982
	Total Current Employee Benefits	1 070 891	900 863
	The movement in current employee benefits are reconciled as follows:		
	<u>Staff Leave</u>		
	Balance at beginning of year	526 033	439 752
	Contribution to current portion	160 923	385 515
	Expenditure incurred	(37 441)	(299 234)
	Balance at end of year	649 515	526 033
	Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.		
	<u>Bonuses</u>		
	Balance at beginning of year	213 983	247 742
	Contribution to current portion	32 877	-
	Expenditure incurred	-	(33 759)
	Balance at end of year	246 860	213 983
	Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.		
8	PROVISIONS	2012 R	2011 R
	Current Portion of Rehabilitation of Landfill-sites - Note 5	384 195	-
	Total Provisions	384 195	-
9	TRADE AND OTHER PAYABLES	R	R
	Trade Payables	1 375 827	1 075 441
	Opening Balance previously reported		559 084
	Correction of error - Note 34.5		516 358
	Unidentified deposits	-	41 264
	Rent	-	35 905
	Opening Balance previously reported	-	35 705
	Correction of error - Note 34.5	-	200
	Deposits received in advance	-	-
	Debtors with credit balances	440 829	581 218
	Retentions	203 532	400 046
	Sundry Deposits	4 620	4 620
	Suspense Accounts	-	8 637
	Total Trade Payables	2 024 807	2 147 131

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary

The carrying value of trade and other payables approximates its fair value.

Sundry deposits include hall, builders and housing Deposits.

		2012 R	2011 R
10	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
	Unspent Grants	1 474 866	1 440 045
	National Government Grants	174 482	-
	Provincial Government Grants	430 384	1 440 045
	Correction of Error	-	-
	Other Grant Providers	870 000	-
	Less: Unpaid Grants	36 078	304 320
	National Government Grants	36 078	304 320
	Other Grant Providers	-	-
	Total Conditional Grants and Receipts	1 438 788	1 135 726
11	TAXES	R	R
11.1	VAT PAYABLE		
	VAT output in suspense	2 987 535	-
	Total Vat payable	2 987 535	-
11.2	VAT RECEIVABLE		
	VAT input in suspense	3 175 408	1 576 786
	Total VAT receivable	3 175 408	1 576 786
11.3	NET VAT RECEIVABLE/(PAYABLE)	187 873	1 576 786
	VAT is receivable/payable on the cash basis.		

12 **PROPERTY, PLANT AND EQUIPMENT**

See attached sheet

13 CAPITALISED RESTORATION COST

Net Carrying amount at 1 July

Cost	
Balance previously reported	
First time recognition of Capitalised Restoration Cost - At Cost - Note 38.01	
Accumulated Depreciation	
Balance previously reported	
First time recognition of Capitalised Restoration Cost - Backlog Depreciation - Note 38.01	
Accumulated Impairments	
Acquisitions	
Depreciation for the year	
Balance previously reported	
Recognition of Depreciation for 2009/2010 - Note 38.01	
Impairment	

Net Carrying amount at 30 June

Cost	
Accumulated Depreciation	
Accumulated Impairment	

2012 R	2011 R
94 039	128 718
455 756	455 756
-	-
-	455 756
(351 300)	(324 587)
-	(324 587)
-	-
(10 417)	(2 451)
-	-
(24 265)	(26 713)
-	(26 713)
-	-
(399)	(7 966)
69 375	94 039
455 756	455 756
(375 565)	(351 300)
(10 816)	(10 417)

14 INVESTMENT PROPERTY

Net Carrying amount at 1 July

Cost	
Less: Transferred	
Accumulated Depreciation	
Accumulated Depreciation: Correction of Error	
Depreciation for the year	
Balance previously reported	
Correction of Depreciation for 2010/2011 - Note 38.01	
Transferred	

Net Carrying amount at 30 June

Cost	
Accumulated Depreciation	

2012 R	2011 R
15 160 554	15 136 685
15 164 355	17 532 455
-	(2 368 100)
(3 801)	(25 504)
-	(2 166)
(1 823)	(25 504)
	(25 504)
	-
-	49 373
15 158 731	15 160 554
15 164 355	15 164 355
(5 624)	(3 801)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Revenue derived from the rental of investment property

Operating expenditure incurred on properties generating revenue

Operating expenditure incurred on properties not generating revenue

2012 R	2011 R
69 336	69 585
-	-
-	-

15 INTANGIBLE ASSETS

Computer Software

Net Carrying amount at 1 July

Cost	
Correction of Error - Note 38.10	
Accumulated Amortisation	
Correction of Error - Note 38.9	
Additions	
Amortisation	
Balance previously reported	
Correction of Depreciation for 2010/2011 - Note 38.01	

Net Carrying amount at 30 June

Cost	
Accumulated Amortisation	

2012 R	2011 R
133 985	92 894
219 473	158 948
(85 488)	(15 430)
	(66 054)
	15 430
17 985	75 955
(41 102)	(34 864)
	(31 253)
	(3 611)
110 868	133 985
237 458	219 473
(126 590)	(85 488)

The following material intangible assets are included in the carrying value above

PRINCE ALBERT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Description	Remaining Amortisation Period	Carrying Value	
		2012 R	2011 R
Microsoft Office and Windows software	5	110 868	133 985

No intangible asset were assed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

16 BIOLOGICAL ASSETS

Fair Value at 1 July	5 400	8 775
Acquisitions	-	-
Disposals	(5 400)	(3 375)
Fair Value at 30 June	-	5 400

17 INVENTORY

Consumable Stores	321 045	221 329
Electricity	98 485	169 245
Unsold Properties	219 420	219 420
Livestock	-	3 375
Water – at cost	19 104	40 402
Total Inventory	658 054	653 771

Consumable stores materials written down due to losses as identified during the annual stores counts.

Consumable stores materials surpluses identified during the annual stores counts.

Inventory recognised as an expense during the year

18 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

Electricity	1 605 971	1 063 625
Balance Previously Reported		1 107 016
Correction of Error - Note 34.3		(43 391)
Water	2 609 895	1 757 301
Balance Previously Reported		1 888 148
Correction of Error - Note 34.3		(130 847)
Refuse	1 093 852	803 586
Balance Previously Reported		810 739
Correction of Error - Note 34.3		(7 153)
Sewerage	1 442 863	1 055 952
Balance Previously Reported	-	1 067 353
Correction of Error - Note 34.3	-	(11 401)
Fire Services	23 890	38 716
Balance Previously Reported		31 665
Correction of Error - Note 34.3		7 052
Rent	1 764	-
Balance Previously Reported		-
Correction of Error - Note 34.3		-
Debtors with credit balances	440 829	581 218
Total Receivables from Exchange Transactions	7 219 064	5 300 399
Less: Allowance for Doubtful Debts	(3 741 596)	(3 244 814)
Total Net Receivables from Exchange Transactions	3 477 468	2 055 585

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

Ageing of Receivables from Exchange Transactions:

(Electricity): Ageing

Current (0 - 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days

Total

**2012
R**

**2011
R**

418 696
130 590
73 688
474 784

447 789
207 565
84 262
324 009

1 097 758

1 063 625

(Water): Ageing

Current (0 - 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days

Total

190 143
105 379
102 893
2 042 785

282 055
97 212
93 755
1 284 279

2 441 200

1 757 301

(Refuse): Ageing

Current (0 - 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days

Total

81 945
54 750
45 723
911 434

141 252
46 846
35 950
579 538

1 093 852

803 586

(Sewerage): Ageing

Current (0 - 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days

Total

129 075
76 636
72 592
1 164 560

214 719
73 814
49 360
718 059

1 442 863

1 055 952

(Other): Ageing

Current (0 - 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days

Total

**2012
R**

**2011
R**

1 826
123
99
21 842

21 358
2
-
17 357

23 890

38 717

(Total): Ageing

Current (0 - 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days

Total

821 685
367 478
294 995
4 615 405

1 107 173
425 439
263 327
2 923 242

6 099 563

4 719 181

Reconciliation of Provision for Bad Debts

Balance at beginning of year
Contribution to provision/(Reversal of provision)
Written off during the year

Balance at end of year

3 244 814
541 824
(45 042)

2 079 281
1 165 533

3 741 596

3 244 814

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

19 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2012 R	2011 R
Rates	674 563	790 444
Balance Previously Reported	-	857 447
Correction of Error - Note 34.4	-	(67 003)
Other Receivables	73 691	65 118
Other Debtors	25 128	24 281
Balance Previously Reported		26 601
Correction of Error - Note 34.4		(2 320)
Suspense Debtors	48 564	40 837
Total Receivables from Non-Exchange Transactions	748 254	855 562
Less: Allowance for Doubtful Debts	(473 196)	(780 195)
Total Net Receivables from Non-Exchange Transactions	275 058	75 367

Ageing of Receivables from Non-Exchange Transactions:

(Rates): Ageing

Current (0 - 30 days)	117 794	363 708
31 - 60 Days	39 311	12 621
61 - 90 Days	29 211	5 917
+ 90 Days	488 247	408 198
Total	674 563	790 444

Reconciliation of Provision for Bad Debts

Balance at beginning of year	780 195	704 550
Contribution to provision/(Reversal of provision)	(306 999)	75 645
Balance at end of year	473 196	780 195

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

20 OPERATING LEASE ARRANGEMENTS

The Municipality as Lessor (Asset)

	R	R
Balance on 1 July	37 985	32 253
Correction of Error	-	-
Movement during the year	2 816	5 732
Balance on 30 June	40 801	37 985

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	35 274	32 084
1 to 5 Years	179 948	163 660
More than 5 Years	-	51 384
Total Operating Lease Arrangements	215 222	247 128

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out for previous ranging until 2017.

21

CASH AND CASH EQUIVALENTS**Assets**

Call Investments Deposits
 Primary Bank Account
 Traffic Bank Account
 Cash Floats

Total Cash and Cash Equivalents - Assets**2012
R****2011
R**

3 566 368
 -
 5 466
 1 700

1 522
 2 994 164
 219 760
 1 700

3 573 534**3 217 146****Liabilities**

Primary Bank Account

Total Cash and Cash Equivalents - Liabilities

(77 780)

-

(77 780)**-**

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

A Bank Guarantee is retained for ESKOM by ABSA Bank

9 960

9 960

The municipality has the following bank accounts:

Current Accounts

Prince Albert ABSA Bank - Account Number 2640560064 (Primary Bank Account):
 Prince Albert ABSA Bank - Account Number 4063942217 (Traffic Account):
 Prince Albert ABSA Bank - Account Number 7064316839 (Call Account):

(77 780)
 5 466
 3 566 368

2 994 164
 219 760
 1 522

3 494 054**3 215 446**

Traffic account is cleared daily to Primary Bank Account.

**2012
R****2011
R*****Prince Albert ABSA Bank - Account Number 2640560064 (Primary Bank Account):***

Cash book balance at beginning of year
 Cash book balance at end of year

2 994 164
 (77 780)

(1 130 190)
 2 994 164

Bank statement balance at beginning of year
 Bank statement balance at end of year

4 444 064
 3 107 476

460 201
 4 444 064

Prince Albert ABSA Bank - Account Number 4063942217 (Traffic Account):

Cash book balance at beginning of year
 Cash book balance at end of year

219 760
 5 466

668 449
 219 760

Bank statement balance at beginning of year
 Bank statement balance at end of year

1 601 488
 5 466

18 840
 1 601 488

Prince Albert ABSA Bank - Account Number 7064316839 (Call Account):

Cash book balance at beginning of year
 Cash book balance at end of year

1 522
 3 566 368

694 709
 1 522

Bank statement balance at beginning of year
 Bank statement balance at end of year

1 522
 3 566 368

665 495
 1 522

22

PROPERTY RATES

Actual

Rateable Land and Buildings

Residential, Commercial Property, State

Less: Rebates

Total Assessment Rates

**2012
R**

**2011
R**

2 250 984

2 424 693

2 250 984

2 424 693

(532 385)

(839 979)

1 718 599

1 584 714

Valuations - 1 JULY 2009

Rateable Land and Buildings

Leeu-Gamka: Land and Buildings

Klaarstroom: Land and Buildings

Prince Albert: Land and Buildings

Rural: Land and Buildings

Welgemoed: Land and Buildings

Total Assessment Rates

15 667 720

15 662 470

8 409 060

8 409 060

540 623 788

534 231 588

652 476 052

652 387 252

8 721 515

8 724 465

-

-

1 225 898 135

1 219 414 835

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009.

Rates:

Prince Albert Urban Area

Leeu Gamka Scheme Houses

Leeu Gamka Private

Welgemoed Area

Klaarstroom Scheme Houses

Klaarstroom East

Rural Area

**2012
c/R**

**2011
c/R**

0.310

0.280

0.310

0.440

0.310

0.284

0.280

0.258

0.220

0.187

0.220

0.290

0.078

0.140

Rates are levied annually and monthly. Monthly rates are payable by the 7th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

23

GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants

Equitable Share

Conditional Grants

Grants and donations

Total Government Grants and Subsidies

**2012
R**

**2011
R**

9 200 000

7 956 011

9 200 000

7 956 011

16 809 383

4 545 830

16 809 383

4 545 830

26 009 383

12 501 841

Government Grants and Subsidies - Capital

Government Grants and Subsidies - Operating

10 421 445

2 161 187

15 587 938

10 340 654

26 009 383

12 501 841

The municipality does not expect any significant changes to the level of grants.

23.1

Equitable share

Grants received

Conditions met - Operating

Conditions still to be met

9 200 000

7 956 011

(9 200 000)

(7 956 011)

-

-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

	2012 R	2011 R
23.2 Local Government Financial Management Grant (FMG)		
Opening balance	(300 495)	(504 779)
Grants received	1 250 000	1 000 000
Repaid to National Revenue Fund	(36 000)	
VAT on conditional grants	-	-
Conditions met - Operating	(975 634)	(795 716)
Conditions still to be met	(62 129)	(300 495)
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
23.3 Municipal Systems Improvement Grant		
Opening balance	(29 953)	623 207
Grants received	790 000	750 000
VAT on conditional grants	-	(606)
Conditions met - Operating	(630 948)	(1 402 554)
Conditions met - Capital	(129 176)	-
Conditions still to be met	(77)	(29 953)
The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
23.4 Municipal Infrastructure Grant (MIG)	2012 R	2011 R
Opening balance	-	-
Grants received	7 055 000	1 024 000
VAT on conditional grants	(799 200)	-
Conditions met - Operating	(352 750)	-
Conditions met - Capital	(5 728 568)	(1 024 000)
Grant expenditure to be recovered	174 482	-
The grant was used to upgrade infrastructure in previously disadvantaged areas.		
23.5 Housing Grants		
Opening balance	-	-
Grants received	6 194 880	-
Conditions met - Operating	-	-
Conditions met - Operating	(3 672 780)	-
Conditions met - Capital	(1 652 100)	-
Grant expenditure to be recovered	870 000	-
Housing grants was utilised for the development of erven and the erection of top structures.		
23.6 Integrated National Electrification Grant		
Opening balance	-	-
Grants received	-	-
Conditions still to be met	-	-
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
23.7 Other Grants		
Opening balance	1 440 045	2 577 232
Grants received	3 054 391	212 502
VAT on conditional grants	(396 626)	
Conditions met - Operating	(755 826)	(212 502)
Conditions met - Capital	(2 911 601)	(1 137 187)
Conditions still to be met	430 383	1 440 045
Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)		

23.8	Total Grants	2012 R	2011 R
	Opening balance	1 109 597	2 695 660
	Grants received	27 544 271	10 942 513
	VAT on conditional grants	(1 195 826)	(606)
	Repaid to National Revenue Fund	(36 000)	-
	Conditions met - Operating	(15 587 938)	(10 366 783)
	Conditions met - Capital	(10 421 445)	(2 161 187)
	Conditions still to be met/(Grant expenditure to be recovered)	1 412 659	1 109 597

Disclosed as follows:

Unspent Conditional Government Grants and Receipts	1 474 866	1 440 045
Unpaid Conditional Government Grants and Receipts	(36 078)	(304 320)
	1 438 788	1 135 725

24	SERVICE CHARGES	2012 R	2011 R
	Electricity	8 916 050	7 541 811
	Water	2 807 231	2 692 796
	Refuse removal	1 191 058	1 258 532
	Sewerage and Sanitation Charges	1 876 395	1 731 126
		14 790 733	13 224 265
	Less: Rebates	(1 755 618)	(1 800 570)
	Total Service Charges	13 035 114	11 423 695

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

25	OTHER INCOME		
	Sundry income	44 182	132 213
	Recycling Income	9 462	14 499
	Graveyard	22 169	5 775
	Building plans	43 437	38 618
	Photostats and Faxes	2 141	2 566
	VAT on Grants	1 195 825	62 540
	Levies	810	37 932
	Tender Documents	12 982	-
	Festival Stall Sales	316	-
	Training LGSETA	71 917	12 623
	Refuse Bags	7 907	4 897
	Rental Trailer	-	335
	Surplus Cash	16	
	BREAD BAKE PROJECT	-	7 788
	Valuation Certificates	503	63
	Total Other Income	1 411 666	319 848

Sundry income represents sundry income such as building plans, sale of sundry items (wood, sand and stones) an fees for items not included under service charges (camping, fire brigade and impounding fees)

26	EMPLOYEE RELATED COSTS		
	Bonus	313 369	264 186
	Contributions for UIF, pensions and medical aids	941 117	1 054 013
	Housing Subsidy	24 979	21 881
	Leave Reserve Fund	141 477	336 771
	Long service awards	15 133	78 758
	Increase in Provision for Bonuses	28 458	(0)
	Contribution to provision - Post Retirement Medical - Note 6	99 185	275 894
	Overtime	561 092	758 388
	Salaries and Wages	6 303 241	8 199 122
	Travel, motor car, telephone, assistance and other allowances	679 948	595 615
		9 108 000	11 584 628
	Total Employee Related Costs	9 108 000	11 584 628

KEY MANAGEMENT PERSONNEL

Municipal Manager is appointed on a 5-year and all other Directors on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager

	2012 R	2011 R
Annual Remuneration	511 433	283 629
Leave	-	59 623
Car Allowance	60 320	56 000
Other Allowances	17 500	461 535
Subsistence Allowance	97 676	104 684
Total	686 929	965 471

Remuneration of the Director Financial Services

Annual Remuneration	435 551	508 511
Car Allowance	-	99 440
Other Allowances	8 400	86 102
Travelling Allowance	-	-
Subsistence Allowance	39 224	22 806
Total	483 175	716 859

Remuneration of the Director Strategic Services

Annual Remuneration	509 185	-
Other Allowances	7 000	-
Car Allowance	91 153	-
Subsistence Allowance	26 148	-
Total	633 487	-

27 REMUNERATION OF COUNCILLORS

Mayor	396 825	340 138
Deputy Mayor	163 116	141 159
Speaker	342 271	313 092
Councillors	509 662	288 733
Councillors' Allowances	658 990	664 754
Total Councillors' Remuneration	2 070 864	1 747 876

In-kind Benefits

The Executive Mayor and all the committee members are part-time. The Mayor are provided with secretarial support and an office at the cost of the Council.

28 DEBT IMPAIRMENT

Trade Receivables from exchange transactions - Note 18	65 966	671 234
Trade Receivables from non-exchange transactions - Note 19	(306 999)	75 645
Total Contribution to/(Reversal of) Impairment Provision	(241 033)	746 879

29 DEPRECIATION AND AMORTISATION

Property Plant and Equipment	1 353 718	1 094 338
Investment Property	1 823	25 504
Intangible Assets	41 102	34 864
Landfill Sites	24 265	26 713
Total	1 420 907	1 181 420

30 IMPAIRMENTS

Capitalised Restoration Costs	399	7 966
	399	7 966

PRINCE ALBERT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012 R	2011 R
31	FINANCE CHARGES		
	Landfill Sites	65 602	79 205
	Finance leases	10 811	-
	Post Employment Health	267 545	86 545
	Total finance charges	343 958	165 750
32	BULK PURCHASES		
	Electricity	7 219 662	5 984 003
	Total Bulk Purchases	7 219 662	5 984 003
33	GENERAL EXPENSES		
	Advertisements	87 867	87 728
	Audit Fees	871 210	1 079 860
	Bank Charges	176 581	254 603
	Computer Expenses	913 961	-
	Clean Up Project: Klaarstroom	30 000	81 417
	Clean Up Project: Leeu Gamka	41 565	108 535
	Clean Up Project: Prince Albert	48 761	212 309
	Cleaning Materials	87 972	6 127
	Congress Fees	116 114	-
	Community Development Holiday Program	45 730	59 654
	Camera Fines	585 801	5 887 321
	Deed of Transfer	9 048	15 790
	Discretionary Fund: Donations	82 825	147 402
	Electricity	386 242	684 526
	Entertainment Cost	33 475	65 578
	Fuel and Oil	492 774	402 103
	Insurance General	89 383	52 927
	LED	175 153	209 839
	Legal Fees	108 610	361 855
	Licences	32 769	210 993
	Machine Rent	45 404	32 477
	Material	292 360	1 222 037
	Membership Fees and Levies	212 500	100 000
	Marketing Cost	107 474	63 864
	Office Rental CW's	21 000	-
	Office Necessaries	70 523	23 696
	Olive Festival	135 697	33 000
	Photostat machine	0	(3 868)
	Postage	51 142	1 231
	Printing and Stationery	190 843	238 278
	Purchase of Carpets	4 307	-
	Poor Relief Project: Prince Albert	258 624	62 815
	Poor Relief Project: Leeu Gamka	150 000	3 600
	Poor Relief Project: Klaarstroom	81 149	-
	Poor Relief Project: Prince Albert Other	17 884	-
	Refuse Bags	21 000	-
	Refuse Removal	-	2 400
	Rent: Post Box	980	-
	Street Lights	34 899	50 579
	Sundry Expenditure	131 786	69 874
	Telephone and Postage	460 901	464 732
	Training Charges SDL	96 630	210 443
	Travel and Subsistence	1 456 447	1 665 421
	Other	29 012	243 147
	Water	61 246	10 315
	Water Purification: Chlorine	81 978	39 217
	Water Research: Levy	15 659	9 442
	Workman's Compensation	-	88 673
	Sewerage	114 292	15 473
	Training	44 854	56 860
	Wreath and Bouquet	520	437
	General Expenses	8 604 949	14 632 708

34

CORRECTION OF ERRORS IN TERMS OF GRAP 3

		2011 R	2010 R
34.1	Accumulated Surplus		
	Balance previously reported	57 091 443	53 865 980
	Service charges incorrectly accrued Refer note 34.3	(118 365)	-
	Assessment Rates incorrectly accrued Refer note 34.4	(56 176)	-
	Debtors Balances Correction Refer note 34.3	(67 376)	(67 376)
	Debtors Balances Correction Refer note 34.4	(13 147)	(13 147)
	Rent Balance Correction Refer note 34.5	(200)	(200)
	Workman's Compensation Correction Refer note 34.5	(157 371)	(68 698)
	Depreciation on PPE Correction Refer note 34.7	32 788	-
	Correction of Bulk Electricity Purchases - Note 34.5	(358 987)	-
	Correction of Property, Plant and Equipment Opening Balance	395 637	395 637
	Correction of Investment Property Opening Balance	(155)	(155)
	Amortisation Correction - Note 34.7	(3 611)	-
	Minor differences with Fixed Asset Register Corrected - Note 34.6	(329)	(329)
	Total	56 744 151	54 111 713
34.2	Statement of Financial Performance		
	Balance previously reported	(4 572 059)	
	Service Charges correction of error	(118 365)	
	Property Taxes correction of error	(56 176)	
	Correction of Bulk Electricity Purchases - Note 34.5	(358 987)	
	Depreciation on PPE Correction Refer note 34.7	32 788	
	Amortisation Correction - Note 34.7	(3 611)	
	Workman's compensation correction of error	(88 673)	
	Total	(5 165 084)	
34.3	Trade Receivables from Exchange Transactions		
	Balance previously reported	5 486 139	
	Service charges incorrectly levied during 2010/2011 - Note 34.1	(118 365)	
	Debtors Balances Correction Refer note 34.1	(67 376)	
	Restated Balance	5 300 399	
34.4	Other Receivables from Non-Exchange Transactions		
	Balance previously reported	924 885	
	Property Rates incorrectly levied during 2010/2011 - Note 34.1	(56 176)	
	Debtors Balances Correction Refer note 34.1	(13 147)	
	Restated Balance	855 562	
34.5	Trade Payables from Exchange Transactions		
	Balance previously reported	1 630 573	
	Workman's Compensation Liability not previously provided for - Note 34.1	157 371	
	Correction of Bulk Electricity Purchases - Note 34.1	358 987	
	Rent Balance Correction Refer note 34.1	200	
	Restated Balance	2 147 131	
34.6	Property, Plant and Equipment - Cost		
	Balance previously reported	50 681 636	
	Minor differences with Fixed Asset Register Corrected - Note 34.1	(329)	
	Restated Balance	50 681 306	
34.7	Property, Plant and Equipment - Accumulated Depreciation		
	Balance previously reported	(7 582 609)	
	Minor differences with Fixed Asset Register Corrected - Note 34.1		
	Correction of PPE Opening Balances - Note 34.1	395 637	
	Depreciation for 2010/2011 calculated incorrectly - Note 34.1	32 788	
	Restated Balance	(7 154 184)	

34.8	Investment Property - Accumulated Depreciation	2011 R	
	Balance previously reported	(3 646)	
	Correction of Accumulated Depreciation Opening Balance - Note 34.1	(155)	
	Restated Balance	(3 801)	
34.9	Intangible Assets - Accumulated Amortisation		
	Balance previously reported	(97 306)	
	Coorection of opening classification - Note 34.10	15 430	
	Amortisation for 2010/2011 calculated incorrectly - Note 34.1	(3 611)	
	Restated Balance	(85 488)	
34.10	Intangible Assets - Cost		
	Balance previously reported	234 903	
	Coorection of opening classification - Note 34.09	(15 430)	
	Restated Balance	219 473	
		2012 R	2011 R
35	RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
	(Deficit) / Surplus for the year	8 732 806	(5 165 083)
	Adjustments for:		
	Depreciation	1 379 806	1 146 555
	Amortisation of Intangible Assets	41 102	34 864
	Disposal of Biological Assets	5 400	
	Debt Impairment	(241 033)	746 879
	Contribution to provision	65 602	79 205
	Contribution to staff leave	123 482	123 721
	Contribution to staff bonus	32 877	(33 759)
	Contribution from/to employee benefits	208 268	149 606
	Actuarial Gains	214 899	921 564
	Impairment written off	399	7 966
	Operating lease income accrued	(2 816)	(5 732)
	Operating (Deficit)/Surplus before changes in working capital	10 560 792	(1 994 214)
	Changes in working capital	184 828	(3 340 805)
	(Decrease)/Increase in Trade and Other Payables	(122 324)	(608 614)
	(Decrease) in Unspent Conditional Government Grants and Receipts	34 821	(1 255 615)
	Increase/(Decrease) in Taxes	1 388 913	(61 188)
	(Increase) in Inventory	(4 283)	(360 418)
	(Increase) in Trade and other receivables	(1 380 541)	(750 650)
	(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	268 242	(304 320)
	Cash (absorbed)/generated by operations	10 745 619	(5 335 018)
36	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 21	3 566 368	1 522
	Cash Floats - Note 21	1 700	1 700
	Bank - Note 21	5 466	3 213 924
	Bank overdraft - Note 21	(77 780)	-
	Total cash and cash equivalents	3 495 754	3 217 146
37	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
	Cash and Cash Equivalents - Note 36	3 495 754	3 217 146
	Less:	3 495 754	3 217 146
	Unspent Committed Conditional Grants - Note 10	1 286 993	1 440 045
	VAT - Note 11	1 474 866	1 440 045
		(187 873)	-
	Resources available for working capital requirements	2 208 761	1 777 101

38	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION				2012 R	2011 R
	Long-term Liabilities - Note 3				185 902	78 313
	Used to finance property, plant and equipment - at cost				(185 902)	(78 313)
					-	-
	Cash set aside for the repayment of long-term liabilities				-	-
	Cash invested for repayment of long-term liabilities				-	-
	Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.					
39	BUDGET COMPARISONS					
		2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)	
39.1	Operational					
	Revenue by source					
	Property Rates	1 718 599	1 751 266	(32 667)	-2%	
	Government Grants and Subsidies - Capital	10 421 445	-	10 421 445	100%	
	Government Grants and Subsidies - Operating	15 587 938	24 570 000	(8 982 062)	-37%	
	Public Contributions and Donations	-	-	-	0%	
	Debt Impairment	306 999	-	306 999	100%	
	Fines	1 046 207	3 000 002	(1 953 795)	-65%	
	Service Charges	13 035 114	12 775 305	259 809	2%	
	Rental of Facilities and Equipment	69 336	58 630	10 706	18%	
	Interest Earned - external investments	462 474	410 000	52 474	13%	
	Interest Earned - outstanding debtors	208 392	-	-	-	
	Licences and Permits	87 136	890 000	(802 864)	-90%	
	Other Income	1 411 667	2 919 908	(1 508 241)	-52%	
		44 355 307	46 375 111	(2 228 196)	-5%	
	Expenditure by nature					
	Employee Related Costs	9 108 000	9 833 176	(725 176)	-7%	
	Remuneration of Councillors	2 070 864	2 070 000	864	0%	
	Debt Impairment	65 966	1 915 709	(1 849 743)	-97%	
	Depreciation and Amortisation	1 420 907	2 412 351	(991 444)	-41%	
	Impairments	399	-	399	100%	
	Repairs and Maintenance	690 174	951 150	(260 976)	-27%	
	Actuarial losses	214 899	-	214 899	100%	
	Finance Charges	343 958	-	343 958	100%	
	Bulk Purchases	7 219 662	6 400 000	819 662	13%	
	Operating Grant Expenditure	5 882 723	6 193 750	(311 027)	-5%	
	General Expenses	8 604 949	9 802 530	(1 197 581)	-12%	
		35 622 501	39 578 666	(3 956 165)	-10%	
	Other Gains/Losses					
	Gain on disposal of Property, Plant and Equipment	-	-	-	0%	
		-	-	-	0%	
	Net Surplus for the year	8 732 806	6 796 445	(6 184 361)		
		2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)	
39.2	Expenditure by Vote					
	EXECUTIVE AND COUNCIL	5 038 945	5 187 080	(148 135)	-3%	
	FINANCE AND ADMINISTRATION	4 784 533	3 960 430	824 103	21%	
	CORPORATE SERVICES	2 455 752	2 493 203	(37 451)	-2%	
	PLANNING AND DEVELOPMENT	320 985	360 320	(39 335)	-11%	
	COMMUNITY AND SOCIAL SERVICES	957 850	1 337 022	(379 172)	-28%	
	PUBLIC SAFETY	1 783 298	4 080 952	(2 297 654)	-56%	
	SPORT AND RECREATION	392 101	294 800	97 301	33%	
	WASTE MANAGEMENT	953 058	1 169 300	(216 242)	-18%	
	WASTE WATER MANAGEMENT	1 590 033	1 947 650	(357 617)	-18%	
	ROAD TRANSPORT	1 946 633	2 265 001	(318 368)	-14%	
	WATER	1 498 795	2 723 725	(1 224 930)	-45%	
	ELECTRICITY	8 011 808	9 107 633	(1 095 825)	-12%	
	OTHER	5 888 710	4 651 550	1 237 160	27%	
		35 622 501	39 578 666	(3 956 165)	-10%	

	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)
39.3 Capital expenditure by vote				
EXECUTIVE AND COUNCIL	-	-	-	0%
FINANCE AND ADMINISTRATION	357 340	577 340	(220 000)	-38%
CORPORATE SERVICES	-	-	-	0%
PLANNING AND DEVELOPMENT	-	-	-	0%
COMMUNITY AND SOCIAL SERVICES	5 162 027	6 639 032	(1 477 005)	-22%
PUBLIC SAFETY	-	-	-	0%
SPORT AND RECREATION	-	-	-	0%
WASTE MANAGEMENT	-	-	-	0%
WASTE WATER MANAGEMENT	-	-	-	0%
ROAD TRANSPORT	5 051 679	5 226 161	(174 405)	-3%
WATER	-	-	-	0%
ELECTRICITY	-	-	-	0%
OTHER	-	-	-	0%
	10 571 046	12 442 533	(1 871 410)	-15%

39.4 OPERATING GRANT EXPENDITURE

Operating grant expenditure per vote

Executive & Council		
Budget & Treasury	1 857 193	2 176 241
Corporate Services	-	-
Planning & Development	-	-
Health	-	-
Community & Social Services	-	-
Housing	3 672 780	-
Public Safety	-	-
Sport & Recreation	-	-
Environmental Protection	-	-
Waste Management	-	-
Waste Water Management	-	-
Road Transport	352 750	-
Water	-	-
Electricity	-	-
Total Operating grant expenditure	5 882 723	2 176 241

40 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

	2012 R	2011 R
40.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure:		
Opening balance	15 832 059	6 281 700
Unauthorised expenditure current year - capital	-	-
Unauthorised expenditure current year - operating	2 158 564	9 550 359
Written off by council	-	-
Unauthorised expenditure awaiting authorisation	17 990 623	15 832 059

Incident	Disciplinary steps/criminal proceedings
Over expenditure of approved budget	None

		2012	2011																
		R	R																
UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED																			
40.2	Fruitless and wasteful expenditure																		
Reconciliation of fruitless and wasteful expenditure:																			
	Opening balance	1 074 064	217 690																
	Fruitless and wasteful expenditure current year	341 279	856 374																
	Written off by council	(1 064 625)	-																
	Transfer to receivables for recovery	-	-																
	Fruitless and wasteful expenditure awaiting further action	350 718	1 074 064																
<table><tr><th>Incident</th><th>Disciplinary steps/criminal proceedings</th></tr><tr><td>Fruitless and Wasteful Expenditure relating in favour of Ignite.</td><td>None</td></tr><tr><td>Fruitless and Wasteful Expenditure relating to suspended CFO.</td><td>None</td></tr><tr><td>Fruitless and Wasteful Expenditure relating to former Municipal Manager.</td><td>None</td></tr><tr><td>Interest on late payments of creditors</td><td>None</td></tr><tr><td></td><td></td></tr></table>		Incident	Disciplinary steps/criminal proceedings	Fruitless and Wasteful Expenditure relating in favour of Ignite.	None	Fruitless and Wasteful Expenditure relating to suspended CFO.	None	Fruitless and Wasteful Expenditure relating to former Municipal Manager.	None	Interest on late payments of creditors	None								
Incident	Disciplinary steps/criminal proceedings																		
Fruitless and Wasteful Expenditure relating in favour of Ignite.	None																		
Fruitless and Wasteful Expenditure relating to suspended CFO.	None																		
Fruitless and Wasteful Expenditure relating to former Municipal Manager.	None																		
Interest on late payments of creditors	None																		
		-	91 957																
		287 074	158 946																
		53 235	98 845																
		970	724 316																
		-	-																
		341 279	1 074 064																
		2012	2011																
		R	R																
40.3	Irregular expenditure																		
	Opening balance	7 016 090	5 171 537																
	Irregular expenditure current year	-	1 844 553																
	Written off by council	-	-																
	Transfer to receivables for recovery	-	-																
	Irregular expenditure awaiting further action	7 016 090	7 016 090																
<table><tr><th>Incident</th><th>Disciplinary steps/criminal proceedings</th></tr><tr><td>Appointment of six personal assistants by the previous Council</td><td>None</td></tr><tr><td>Irregular Expenditure: Expenditure has been incurred with regards to Sherpa but is not in compliance with the Supply Chain Management Policy.</td><td>This contract renewal was signed by the previous MM without following SCM policy. This incident was reported to council and is still under investigation</td></tr><tr><td>Irregular Expenditure: Expenditure has been incurred but is not in compliance with the Supply Chain Management Policy with regards to P D Naidoo</td><td>It was initially taken to council but has since been approved by the bid committee.</td></tr><tr><td>Irregular Expenditure: Expenditure has been incurred but is not in compliance with the Supply Chain Management Policy with regards to Syntell</td><td>It was initially taken to council but has since been approved by the bid committee.</td></tr><tr><td>Irregular Expenditure relating to Acting</td><td>None</td></tr><tr><td></td><td>None</td></tr><tr><td>Irregular Expenditure relating to Acting Director Community Services</td><td>None</td></tr></table>		Incident	Disciplinary steps/criminal proceedings	Appointment of six personal assistants by the previous Council	None	Irregular Expenditure: Expenditure has been incurred with regards to Sherpa but is not in compliance with the Supply Chain Management Policy.	This contract renewal was signed by the previous MM without following SCM policy. This incident was reported to council and is still under investigation	Irregular Expenditure: Expenditure has been incurred but is not in compliance with the Supply Chain Management Policy with regards to P D Naidoo	It was initially taken to council but has since been approved by the bid committee.	Irregular Expenditure: Expenditure has been incurred but is not in compliance with the Supply Chain Management Policy with regards to Syntell	It was initially taken to council but has since been approved by the bid committee.	Irregular Expenditure relating to Acting	None		None	Irregular Expenditure relating to Acting Director Community Services	None		
Incident	Disciplinary steps/criminal proceedings																		
Appointment of six personal assistants by the previous Council	None																		
Irregular Expenditure: Expenditure has been incurred with regards to Sherpa but is not in compliance with the Supply Chain Management Policy.	This contract renewal was signed by the previous MM without following SCM policy. This incident was reported to council and is still under investigation																		
Irregular Expenditure: Expenditure has been incurred but is not in compliance with the Supply Chain Management Policy with regards to P D Naidoo	It was initially taken to council but has since been approved by the bid committee.																		
Irregular Expenditure: Expenditure has been incurred but is not in compliance with the Supply Chain Management Policy with regards to Syntell	It was initially taken to council but has since been approved by the bid committee.																		
Irregular Expenditure relating to Acting	None																		
	None																		
Irregular Expenditure relating to Acting Director Community Services	None																		
		-	144 000																
		-	1 378 504																
		-	132 855																
		-	63 194																
		-	5 171 537																
		-	126 000																
		-	7 016 090																
		2012	2011																
40.4	Material Losses																		
Water distribution losses																			
	- Kilo litres disinfected/purified/purchased	460 119	391 138																
	- Kilo litres lost during distribution	57 576	19 985																
	- Percentage lost during distribution	12.51%	5.11%																
	- Value of distribution losses	R 377 699	R 131 102																
Electricity distribution losses																			
	- Units purchased (Kwh)	10 052 972	10 007 254																
	- Units lost during distribution (Kwh)	768 664	1 652 001																
	- Percentage lost during distribution	7.65%	16.51%																
	- Value of distribution losses	R 530 378	R 949 901																

		2012 R	2011 R
41	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
41.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>		
	Opening balance	-	-
	Council subscriptions	200 000	100 000
	Amount paid - current year	(200 000)	(100 000)
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	-	-
41.2	<u>Audit fees - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	3 840
	Current year audit fee	871 210	1 079 860
	External Audit - Auditor-General	871 210	1 030 380
	Internal Audit	-	-
	Audit Committee	-	49 480
	Amount paid - current year	(871 210)	(1 079 860)
	Amount paid - previous year	-	(3 840)
	Balance unpaid (included in creditors)	-	-
41.3	<u>VAT - [MFMA 125 (1)(b)]</u>		
	Opening balance	1 300 690	1 628 592
	Amounts received - current year	(2 622 605)	(1 106 140)
	VAT on Impairment of Trade Receivables	(88 204)	-
	Amounts received - previous years	-	(91 927)
	Amounts claimed - current year	928 064	870 165
	Closing balance - Receivable	(482 055)	1 300 690
	Vat in suspense due to cash basis of accounting		
	Input VAT	3 175 408	1 576 786
	Output VAT	(2 987 535)	-
	Receivable	187 873	1 576 786
41.4	<u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u>		
	Opening balance	165 306	165 306
	Current year payroll deductions and Council Contributions	1 753 144	-
	Amount paid - current year	(1 869 886)	-
	Balance unpaid (included in creditors)	48 564	165 306
41.5	<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u>		
	Opening balance	266 345	266 345
	Current year payroll deductions and Council Contributions	1 820 645	-
	Amount paid - current year	(2 086 990)	-
	Balance unpaid (included in creditors)	(0)	266 345
41.6	<u>Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]</u>		
	The following Councillors had arrear accounts for more than 90 days as at 30 June 2012:		
		2012 R	2011 R
		Outstanding	Outstanding
	Councillor KJS Stols	-	5 631
	Councillor IJ Windvogel	-	7 850
	Total Councillor Arrear Consumer Accounts	-	13 481

41.7 Non-compliance with Chapter 14 of the Municipal Finance Management Act

Non-compliance to the Supply Chain Management Regulations were identified on the following categories:

	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Various Suppliers	260 770	-	-	-
PD Naidoo	-	-	-	-
Syntell	-	-	-	-
	<u>260 770</u>	<u>-</u>	<u>-</u>	<u>-</u>

The SCM deviations were condoned by Council at it's monthly meetings held.

The council on two occasions submitted the section 71 reports late namely: December2011 and April 2012.

42 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

2012 R	2011 R
5 625 978	4 661 045

Total commitments consist out of the following:

Thusong Centre	-	1 440 045
Infrastructure and Sports Fields	5 376 357	-
Klaarstroom 60 Houses	-	3 221 000
Finance Leases	249 621	-
	<u>5 625 978</u>	<u>4 661 045</u>

This expenditure will be financed from:

Government Grants	5 376 357	4 661 045
Operating Budget	249 621	-
	<u>5 625 978</u>	<u>4 661 045</u>

2012 R	2011 R
-----------	-----------

43 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1% (2011 - 0.5%) Increase in interest rates	25 353	25 353
0.5% (2011 - 0.5%) Decrease in interest rates	(12 676)	(12 676)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 18 and 19 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 18 for balances included in receivables that were re-negotiated for the period under review.

Balances past due not impaired:

	2012 %	2012 R	2011 %	2011 R
<u>Non-Exchange Debtors</u>				
Rates	0.00%	-	0.00%	-
<u>Exchange Debtors</u>				
Electricity	-1.91%	(74 101)	-2.18%	(70 746)
Water	9.21%	356 840	8.03%	260 537
Refuse	3.46%	134 093	5.47%	177 560
Sewerage	3.75%	145 285	6.38%	207 077
Other	0.00%	-	-0.15%	(4 905)
	14.51%	562 117	17.55%	569 523

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 18 and 19 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2012 %	2012 R	2011 %	2011 R
Rates	100.00%	473 196	100.00%	780 195
<u>Exchange Debtors</u>				
Electricity	22.60%	875 714	22.60%	733 328
Water	38.50%	1 491 814	38.50%	1 249 253
Refuse	16.50%	639 349	16.50%	535 394
Sewerage	21.80%	844 716	21.80%	707 369
Other	0.60%	23 249	0.60%	19 470
	100.00%	3 874 842	100%	3 244 814

The provision for bad debts could be allocated between the different categories of debtors as follows:

	2012 %	2012 R	2011 %	2011 R
Government	0.00%	-	0.00%	-
Industrial	2.48%	96 096	2.48%	80 471
Municipal	0.00%	-	0.00%	-
Residential	96.48%	3 738 448	96.48%	3 130 596
Other	1.04%	40 298	1.03%	33 747
	100.00%	3 874 842	100%	3 244 814

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

	2012 R	2011 R
Financial assets exposed to credit risk at year end are as follows:		
Trade receivables and other receivables	3 752 526	2 130 952
Cash and Cash Equivalents	3 573 534	3 217 146
Unpaid conditional grants and subsidies	36 078	304 320
	<u>7 362 138</u>	<u>5 652 418</u>

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2012				
Non-Current Provisions	403 405	633 151	-	841 946
Capital repayments	384 195	546 940	-	446 502
Interest	19 210	86 211	-	395 444
Long Term liabilities	56 329	149 848	-	-
Capital repayments	47 222	138 679	-	-
Interest	9 107	11 169	-	-
Trade and Other Payables	2 024 807	-	-	-
Unspent conditional government grants and receipts	1 474 866	-	-	-
Cash and Cash Equivalents	77 780	-	-	-
	<u>4 037 187</u>	<u>782 999</u>	<u>-</u>	<u>841 946</u>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2011				
Non-Current Provisions	-	1 036 556	-	841 946
Capital repayments	-	886 795	-	425 240
Interest	-	149 761	-	416 706
Long Term liabilities	21 077	68 500	-	-
Capital repayments	16 574	61 737	-	-
Interest	4 502	6 762	-	-
Trade and Other Payables	2 147 131	-	-	-
Unspent conditional government grants and receipts	1 440 045	-	-	-
Cash and Cash Equivalents	-	-	-	-
	<u>3 608 253</u>	<u>1 105 056</u>	<u>-</u>	<u>841 946</u>

			2012 R	2011 R
44	FINANCIAL INSTRUMENTS			
	In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows: The fair value of financial instruments approximates the amortised costs as reflected below.			
44.1	<u>Financial Assets</u>	<u>Classification</u>		
	Consumer Debtors			
	Trade receivables from exchange transactions	Financial instruments at amortised cost	3 477 468	2 055 585
	Short-term Investment Deposits			
	Call Deposits	Financial instruments at amortised cost	3 566 368	1 522
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	5 466	3 213 924
	Cash Floats and Advances	Financial instruments at amortised cost	1 700	1 700
			7 051 002	5 272 731
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		7 051 002	5 272 731
	At amortised cost		7 051 002	5 272 731
	FINANCIAL INSTRUMENTS (CONTINUE)			
44.2	<u>Financial Liability</u>	<u>Classification</u>		
	Long-term Liabilities			
	Capitalised Lease Liability	Financial instruments at amortised cost	138 680	61 739
	Trade Payables			
	Trade creditors	Financial instruments at amortised cost	1 375 827	1 075 441
	Unidentified deposits	Financial instruments at amortised cost	-	41 264
	Rent		-	35 905
	Debtors with credit balances		440 829	581 218
	Retentions	Financial instruments at amortised cost	203 532	400 046
	Deposits	Financial instruments at amortised cost	4 620	4 620
	Other	Financial instruments at amortised cost	-	8 637
	Current Portion of Long-term Liabilities			
	Capitalised Lease Liability	Financial instruments at amortised cost	47 222	16 574
			2 210 709	2 225 444
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		2 210 709	2 225 444
45	EVENTS AFTER THE REPORTING DATE			
	The municipality has no events after reporting date during the financial year ended 2010/2011.			

46 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

47 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

48 CONTINGENT LIABILITY

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the The Trade Union, IMATU, contested the implementation of a wage curve agreement in the Labour Court and the court ruled in favour of IMATU. The Employers Organisation, SALGA, resolved to take the ruling of the Labour Court on review. The effect of the ruling is a general 2% increase in remuneration as from October 2009.

The council have received correspondence from Leon Dorfling and others regarding water rights in Klaarstroom and the estimated amount for this claim is R 350 000.00

49 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

48.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans

48.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 26 to the Annual Financial Statements.

48.3 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

None

12 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2012

Reconciliation of Carrying Value

	Opening Balance	Transfers	Cost	Cost	Disposals	Closing Balance	Opening Balance	Transfers	Accumulated Depreciation	Accumulated Depreciation	Disposals	Closing Balance	Carrying Value
	R		Correction of Error	Additions	R	R	R	R	Correction of Error:	Additions	R	R	R
				R					R	R			
Land and Buildings	7 578 616	-	-	-	-	7 578 616	70 621	-	-	37 866	-	108 487	7 470 128
Land	3 791 979	-	-	-	-	3 791 979	-	-	-	-	-	-	3 791 979
Buildings	3 786 637	-	-	-	-	3 786 637	70 621.01	-	-	37 866	-	108 487	3 678 149
Infrastructure	33 566 450	-	-	5 051 682	-	38 618 132	6 052 754	-	-	809 818	-	6 862 571	31 755 561
Main: Roads	9 453 745	-	-	421 549		9 875 294	2 482 072	-	-	242 832		2 724 904	7 150 390
Main: Waste Management	11 068 722	-	-	2 796 901		13 865 624	680 430	-	-	247 487		927 918	12 937 706
Main: Electricity	2 751 771	-	-			2 751 771	931 469	-	-	54 207		985 675	1 766 095
Main: Water	10 292 212	-	-	583 982		10 876 194	1 958 783	-	-	265 292		2 224 075	8 652 120
Taxi Ranks	-	-	-			-	-	-	-			-	-
Airfield	-	-	-			-	-	-	-			-	-
Work in Progress	-	-	-	1 249 250		1 249 250	-	-	-			-	1 249 250
Reservoirs/Tanks and Pumps	-	-	-	-	-	-	-	-	-			-	-
Community Assets	5 853 362	-	-	5 162 022	-	11 015 385	120 099	-	-	77 673	-	197 772	10 817 613
Recreation Grounds	281 784	-	-	-	-	281 784	4 759	-	-	2 283	-	7 041	274 743
Civic Buildings	961 600	-	-	-	-	961 600	20 049	-	-	9 616	-	29 665	931 935
Transfer Station	292 901	-	-	-	-	292 901	45 397	-	-	41 843	-	87 240	205 661
Libraries	1 177 450	-	-	-	-	1 177 450	24 549	-	-	11 775	-	36 324	1 141 126
Parks and Gardens	-	-	-	-	-	-	-	-	-	-	-	-	-
Bus Terminals	78 670	-	-	-	-	78 670	1 640	-	-	787	-	2 427	76 243
Work in Progress	1 872 307	-	-	5 162 022	-	7 034 329	-	-	-			-	7 034 329
Cemetery	51 650	-	-	-	-	51 650	-	-	-			-	51 650
Museum	1 137 000	-	-	-	-	1 137 000	23 706	-	-	11 370		35 076	1 101 924
Lease Assets	90 072	-	-	149 599	-	239 671	1 020	-	-	38 748	-	39 768	199 903
Office Equipment	90 072	-	-	149 599		239 671	1 020	-	-	38 748		39 768	199 903
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	3 592 806	-	-	207 741	-	3 800 547	909 690	-	-	389 613	-	1 299 303	2 501 244
Motor Vehicles	713 466			-	-	713 466	108 261	-	-	34 640	-	142 901	570 565
Plant and Equipment	345 296				-	345 296	119 386	-	-	35 516	-	154 902	190 394
Office Equipment	290 398			11 937	-	302 335	108 561	-	-	33 200	-	141 761	160 574
Furniture and Equipment	491 141			65 744	-	556 886	136 785	-	-	71 051	-	207 835	349 051
Loose Equipment	23 731				-	23 731	5 207	-	-	2 394	-	7 601	16 130
Computer Equipment	610 393			130 059	-	740 452	194 922	-	-	123 046	-	317 968	422 485
Specialised Vehicles	1 116 900			-	-	1 116 900	235 945	-	-	89 486	-	325 432	791 469
Security Items	-			-	-	-	-	-	-		-	-	-
Fire Fighting Equipment	1 481			-	-	1 481	624	-	-	280	-	904	577
	50 681 306	-	-	10 571 045	-	61 252 351	7 154 184	-	-	1 353 718	-	8 507 902	52 744 449

Reconciliation of Carrying Value

Cost						Accumulated Depreciation						Carrying Value
Opening Balance R	Transfers	Correction of Error	Additions R	Disposals R	Closing Balance R	Opening Balance R	Transfers	Correctio of Errors	Additions R	Disposals R	Closing Balance R	R
7 263 533	-	-	315 083	-	7 578 616	11 935	47 368	-	11 319	-	70 621	7 507 995
3 791 979	-	-	-	-	3 791 979	-	-	-	-	-	-	3 791 979
3 791 979	-	-	-	-	3 791 979	-	-	-	-	-	-	3 791 979
-	-	-	-	-	-	-	-	-	-	-	-	-
3 471 554	-	-	315 083	-	3 786 637	11 935	47 368	-	11 319	-	70 621	3 716 016
3 471 554	-	-	315 083	-	3 786 637	11 035	47 368	-	11 057	-	69 460	3 717 177
-	-	-	(0)	-	(0)	900	2 006	-	262	-	1 161	(1 162)
30 495 723	(11 484 179)	-	14 554 906	-	33 566 450	5 398 780	-	-	653 974	-	6 052 754	27 513 697
7 213 276	-	-	2 240 469	-	9 453 745	2 254 162	-	-	227 910	-	2 482 072	6 971 674
7 212 902	-	-	2 240 469	-	9 453 371	2 183 897	-	-	212 768	-	2 396 665	7 056 706
374	-	-	0	-	374	70 265	-	-	15 142	-	85 407	(85 032)
3 659 066	-	-	7 409 656	-	11 068 722	469 655	-	-	210 775	-	680 430	10 388 292
3 659 066	-	-	7 409 656	-	11 068 722	484 092	-	-	224 426	-	708 518	10 360 204
0	-	-	0	-	0	(14 437)	-	-	(13 651)	-	(28 088)	28 088
2 700 843	-	-	50 927	-	2 751 771	877 262	-	-	54 207	-	931 469	1 820 302
2 700 841	-	-	50 927	-	2 751 768	949 770	-	-	61 436	-	1 011 206	1 740 562
2	-	-	0	-	3	(72 508)	-	-	(7 229)	-	(79 737)	79 740
5 438 359	-	-	4 853 853	-	10 292 212	1 797 701	-	-	161 082	-	1 958 783	8 333 429
5 438 359	-	-	4 853 853	-	10 292 212	1 787 298	-	-	158 237	-	1 945 535	8 346 677
(0)	-	-	0	-	0	10 403	-	-	2 845	-	13 248	(13 248)
11 484 179	(11 484 179)	-	-	-	-	-	-	-	-	-	-	-
11 484 179	(11 484 179)	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-

Reconciliation of Carrying Value

Opening Balance R	Transfers	Cost		Disposals R	Closing Balance R	Opening Balance R	Transfers	Accumulated Depreciation		Disposals R	Closing Balance R	Carrying Value R
		Correction of Error	Additions R					Correctio of Errors	Additions R			
4 716 176	-	-	1 137 186	-	5 853 362	42 427	-	-	77 673	-	120 099	5 733 263
281 784	-	-	-	-	281 784	2 476	-	-	2 283	-	4 759	277 025
281 784	-	-	-	-	281 784	2 283	-	-	2 283	-	4 566	277 218
-	-	-	-	-	-	193	-	-	(1)	-	193	(193)
961 600	-	-	-	-	961 600	10 433	-	-	9 616	-	20 049	941 551
961 600	-	-	-	-	961 600	9 616	-	-	9 616	-	19 232	942 368
-	-	-	-	-	-	817	-	-	-	-	817	(817)
292 901	-	-	-	-	292 901	3 554	-	-	41 843	-	45 397	247 504
292 901	-	-	-	-	292 901	41 843	-	-	41 843	-	83 686	209 215
0	-	-	-	-	0	(38 289)	-	-	0	-	(38 289)	38 289
1 177 450	-	-	-	-	1 177 450	12 775	-	-	11 775	-	24 549	1 152 901
1 177 450	-	-	-	-	1 177 450	11 775	-	-	11 775	-	23 550	1 153 900
-	-	-	-	-	-	1 000	-	-	(1)	-	999	(999)
78 670	-	-	-	-	78 670	854	-	-	787	-	1 640	77 030
78 670	-	-	-	-	78 670	787	-	-	787	-	1 574	77 096
-	-	-	-	-	-	67	-	-	(0)	-	66	(66)
51 650	-	-	-	-	51 650	-	-	-	-	-	-	51 650
51 650	-	-	-	-	51 650	-	-	-	-	-	-	51 650
-	-	-	-	-	-	-	-	-	-	-	-	-
735 121	-	-	1 137 186	-	1 872 307	-	-	-	-	-	-	1 872 307
735 121	-	-	1 137 186	-	1 872 307	-	-	-	-	-	-	1 872 307
(0)	-	-	0	-	(0)	-	-	-	-	-	-	(0)
1 137 000	-	-	-	-	1 137 000	12 336	-	-	11 370	-	23 706	1 113 294
1 137 000	-	-	-	-	1 137 000	11 370	-	-	11 370	-	22 740	1 114 260
-	-	-	-	-	-	966	-	-	-	-	966	(966)
32 753	-	-	90 072	(32 753)	90 072	5 529	-	-	5 674	(10 183)	1 020	89 052
32 753	-	-	90 072	(32 753)	90 072	5 529	-	-	5 674	(10 183)	1 020	89 052
32 753	-	-	90 072	(32 753)	90 072	5 529	-	-	4 654	(10 183)	0	90 072
-	-	-	0	-	0	0	-	-	1 020	(0)	1 020	(1 020)

Reconciliation of Carrying Value

Opening Balance R	Transfers	Cost		Disposals R	Closing Balance R	Accumulated Depreciation					Carrying Value R	
		Correction of Error	Additions R			Opening Balance R	Transfers	Correctio of Errors	Additions R	Disposals R		Closing Balance R
3 343 810	-	-	248 997	-	3 592 806	553 808	-	-	355 882	-	909 690	2 683 116
713 466	-	-	-	-	713 466	73 620	-	-	34 640	-	108 261	605 205
713 466	-	-	-	-	713 466	226 059			53 778		279 837	433 628
-	-	-	-	-	-	(152 439)			(19 138)		(171 576)	171 577
323 942	-	-	21 353	-	345 296	85 312	-	-	34 074	-	119 386	225 910
323 942	-	-	22 059	-	346 001	113 180			32 751		145 931	200 070
-	-	-	(706)	-	(706)	(27 868)			1 323		(26 545)	25 840
263 382	-	-	27 016	-	290 398	78 261	-	-	30 299	-	108 561	181 837
263 382	-	-	27 016	-	290 398	133 460			34 028		167 488	122 910
-	-	-	(0)	-	(0)	(55 199)			(3 729)		(58 927)	58 927
456 363	-	-	34 778	-	491 141	71 328	-	-	65 457	-	136 785	354 357
456 363	-	-	34 778	-	491 141	70 593			66 036		136 629	354 512
-	-	-	0	-	0	735			(579)		156	(155)
23 731	-	-	-	-	23 731	2 813	-	-	2 394	-	5 207	18 524
23 731	-	-	-	-	23 731	2 752			2 394		5 146	18 585
-	-	-	-	-	-	61			0		61	(61)
444 544	-	-	165 849	-	610 393	95 670	-	-	99 252	-	194 922	415 471
444 544	-	-	165 850	-	610 394	138 554			97 556		236 110	374 285
-	-	-	(1)	-	(1)	(42 884)			1 696		(41 188)	41 186
1 116 900	-	-	-	-	1 116 900	146 459	-	-	89 486	-	235 945	880 955
1 116 900	-	-	-	-	1 116 900	223 843			100 229		324 072	792 828
-	-	-	-	-	-	(77 384)			(10 743)		(88 127)	88 127
1 481	-	-	-	-	1 481	344	-	-	280	-	624	856
1 481	-	-	-	-	1 481	379			285		664	817
-	-	-	-	-	-	(35)			(5)		(40)	39
45 851 995	(11 484 179)	-	16 346 244	(32 753)	50 681 306	6 012 478	47 368	-	1 104 521	(10 183)	7 154 184	43 527 122

12 PROPERTY, PLANT AND EQUIPMENT

(Effect of changes in accounting estimates

The municipality performed the following actions which had an impact on the depreciation for the current and future periods:

- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of residual values of item of PPE recognised in the annual financial statements.

The effect on Property, Plant and Equipment was the following

2012 R	2013 R	2014 R
31 762	9 530	9 530

APPENDIX A - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012

EXTERNAL LOANS	Rate	Serial Number	Redeemable	Balance at 30 JUNE 2011	Correction	Balance at 30 JUNE 2011 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2012
ANNUITY LOANS							-		-
Total Annuity Loans				-	-	-	-	-	-
LEASE LIABILITY									
Minolta B501 Copier	6.36%	5041004826	30/06/2016		-	-	92 531	15 286	77 245
Minolta B283	6.36%	F041005111	31/07/2016	-	-	-	48 027	7 975	40 052
Minolta C280	6.36%	D042005385	30/09/2015	78 313	-	78 313	-	16 574	61 739
Minolta B250	6.36%	21206422	30/09/2014	-	-	-	9 041	2 175	6 866
Total Lease Liabilities				78 313	-	78 313	149 599	42 010	185 902
TOTAL EXTERNAL LOANS				78 313	-	78 313	149 599	42 010	185 902

APPENDIX B - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012
MUNICIPAL VOTES CLASSIFICATION

2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R		2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R
4 159 872	(4 929 401)	(769 529)	EXECUTIVE AND COUNCIL	3 404 117	(5 038 945)	(1 634 827)
3 800 177	(5 111 130)	(1 310 953)	FINANCE AND ADMINISTRATION	5 442 376	(5 004 633)	437 743
451 060	(2 703 331)	(2 252 272)	CORPORATE SERVICES	615 886	(2 455 752)	(1 839 866)
141 100	(360 312)	(219 212)	PLANNING AND DEVELOPMENT	200 000	(331 585)	(131 585)
658 456	(1 209 629)	(551 173)	COMMUNITY AND SOCIAL SERVICE	1 509 002	(972 750)	536 252
8 309 972	(7 877 847)	432 125	PUBLIC SAFETY	1 384 153	(1 787 898)	(403 745)
105 900	(52 018)	53 882	SPORT AND RECREATION	282 800	(397 401)	(114 601)
1 420 355	(1 490 218)	(69 863)	WASTE MANAGEMENT	1 338 114	(1 021 758)	316 356
1 445 832	(1 733 381)	(287 549)	WASTE WATER MANAGEMENT	2 065 362	(1 730 833)	334 529
277 255	(4 198 043)	(3 920 789)	ROAD TRANSPORT	336 415	(1 968 533)	(1 632 118)
2 772 755	(1 806 114)	966 642	WATER	3 386 155	(1 682 495)	1 703 659
8 203 693	(7 641 494)	562 199	ELECTRICITY	9 722 635	(8 847 908)	874 727
4 333 328	(2 174 182)	2 159 145	OTHER	16 174 993	(5 888 710)	10 286 283
36 079 755	(41 287 099)	(5 207 345)	Sub Total	45 862 008	(37 129 201)	8 732 806
-	-	-		-	-	-
36 079 755	(41 287 099)	(5 207 345)	Total	45 862 008	(37 129 201)	8 732 806

APPENDIX C - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R		2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R
4 159 872	(4 929 401)	(769 529)	Executive & Council	3 404 117	(5 038 945)	(1 634 827)
3 800 177	(5 111 130)	(1 310 953)	Budget & Treasury	6 058 262	(7 460 385)	(1 402 123)
451 060	(2 703 331)	(2 252 272)	Planning & Development	200 000	(331 585)	(131 585)
141 100	(360 312)	(219 212)	Community & Social Services	1 509 002	(972 750)	536 252
658 456	(1 209 629)	(551 173)	Public Safety	1 384 153	(1 787 898)	(403 745)
8 309 972	(7 877 847)	432 125	Sport & Recreation	282 800	(397 401)	(114 601)
105 900	(52 018)	53 882	Waste Management	1 338 114	(1 021 758)	316 356
1 420 355	(1 490 218)	(69 863)	Waste Water Management	2 065 362	(1 730 833)	334 529
1 445 832	(1 733 381)	(287 549)	Road Transport	336 415	(1 968 533)	(1 632 118)
277 255	(4 198 043)	(3 920 789)	Water	3 386 155	(1 682 495)	1 703 659
2 772 755	(1 806 114)	966 642	Electricity	9 722 635	(8 847 908)	874 727
8 203 693	(7 641 494)	562 199	Other	16 174 993	(5 888 710)	10 286 283
36 079 755	(41 287 099)	(5 207 345)	Total	45 862 008	(37 129 201)	8 732 806

APPENDIX D - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2011	Correction of error	Balance 1 JULY 2011	Grants Received	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	VAT Recognised	Repaid to National Revenue Fund	Balance 01 July 2012	Unspent 30 JUNE 2012 (Creditor)	Unpaid 30 JUNE 2012 (Debtor)
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS											
	R	R	R	R	R	R			R	R	
<u>National Government Grants</u>											
Equitable Share	-	-	-	9 200 000	9 200 000	-			-	-	-
Local Government Financial Management Grant	(274 366)	-	(274 366)	1 250 000	975 634	-		36 000	(36 000)	-	36 000
Municipal Infrastructure Grant	-	-	-	7 055 000	352 750	5 728 568	799 200		174 482	174 482	-
Municipal Systems Improvement Grant	(29 954)	-	(29 954)	790 000	630 948	129 176			(78)	-	78
Skills Development Fund	-	-	-	-	-	-			-	-	-
Total National Government Grants	(304 320)	-	(304 320)	18 295 000	11 159 332	5 857 744	799 200	36 000	138 404	174 482	36 078
<u>Provincial Government Grants</u>											
Provincial Contribution	-	-	-	200 000	121 435	78 565			-	-	-
EPWP	-	-	-	220 000	-	-			220 000	220 000	-
CDW				104 000	104 000				-	-	-
Thusong Centre	1 440 045	-	1 440 045	2 000 000	-	2 833 036	396 626		210 384	210 384	-
Library Grant				530 391	530 391				-	-	-
Total Provincial Government Grants	1 440 045	-	1 440 045	3 054 391	755 826	2 911 601	396 626	-	430 384	430 384	-
<u>Other Grant Providers</u>											
Taxi Rank	-	-	-	-		-			-	-	-
Ferry Boat	-	-	-	-		-			-	-	-
Low Cost Housing	-	-	-	-		-			-	-	-
Zoning Scheme	-	-	-	-		-			-	-	-
Housing Planning Klaarstroom	-	-	-	6 194 880	3 672 780	1 652 100			870 000	870 000	-
Water Services Plan	-	-	-	-	-	-			-	-	-
Total Other Grant Providers	-	-	-	6 194 880	3 672 780	1 652 100	-	-	870 000	870 000	-
Total	1 135 726	-	1 135 726	27 544 271	15 587 938	10 421 445	1 195 826	36 000	1 438 788	1 474 866	36 078

12 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2012

Reconciliation of Carrying Value

	Opening Balance R	Transfers	Cost Correction of Error	Additions R	Disposals R	Closing Balance R	Opening Balance R	Transfers	Accumulated Depreciation Correction of Error	Additions R	Disposals R	Closing Balance R	Carrying Value R
Land and Buildings	4 895 433	2 368 100	-	315 083	-	7 578 616	11 035		-	11 057	-	69 460	7 509 156
Land	3 791 979	-	-	-	-	3 791 979	-	-	-	-	-	-	3 791 979
Buildings	1 103 454	2 368 100	-	315 083	-	3 786 637	11 035	47 368	-	11 057	-	69 460	3 717 177
Infrastructure	30 495 347	-11 484 179	-	14 554 905	-	33 566 073	5 405 057	-	-	656 867	-	6 061 924	27 504 149
Main: Roads	7 212 902	-	-	2 240 469	-	9 453 371	2 183 897	-	-	212 768	-	2 396 665	7 056 706
Main: Waste Management	3 659 066	-	-	7 409 656	-	11 068 722	484 092	-	-	224 426	-	708 518	10 360 204
Main: Electricity	2 700 841	-	-	50 927	-	2 751 768	949 770	-	-	61 436	-	1 011 206	1 740 562
Main: Water	5 438 359	-	-	4 853 853	-	10 292 212	1 787 298	-	-	158 237	-	1 945 535	8 346 677
Taxi Ranks	-	-	-	-	-	-	-	-	-	-	-	-	-
Airfield	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in Progress	11 484 179	-11 484 179	-	-	-	-	-	-	-	-	-	-	-
Reservoirs/Tanks and Pumps	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	4 716 176	-	-	1 137 186	-	5 853 362	77 674	-	-	77 674	-	155 348	5 698 014
Recreation Grounds	281 784	-	-	-	-	281 784	2 283	-	-	2 283	-	4 566	277 218
Civic Buildings	961 600	-	-	-	-	961 600	9 616	-	-	9 616	-	19 232	942 368
Transfer Station	292 901	-	-	-	-	292 901	41 843	-	-	41 843	-	83 686	209 215
Libraries	1 177 450	-	-	-	-	1 177 450	11 775	-	-	11 775	-	23 550	1 153 900
Parks and Gardens	-	-	-	-	-	-	-	-	-	-	-	-	-
Bus Terminals	78 670	-	-	-	-	78 670	787	-	-	787	-	1 574	77 096
Work in Progress	735 121	-	-	1 137 186	-	1 872 307	-	-	-	-	-	-	1 872 307
Cemetery	51 650	-	-	-	-	51 650	-	-	-	-	-	-	51 650
Museum	1 137 000	-	-	-	-	1 137 000	11 370	-	-	11 370	-	22 740	1 114 260
Lease Assets	32 753	-	-	90 072	-32 753	90 072	5 529	-	-	4 654	-10 183	-	90 072
Office Equipment	32 753	-	-	90 072	-32 753	90 072	5 529	-	-	4 654	-10 183	-	90 072
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	3 343 809	-	-	249 703	-	3 593 512	908 820			387 057	-	1 295 877	2 297 635
Motor Vehicles	713 465			-	-	713 465	226 059	-	-	53 778	-	279 837	433 628
Plant and Equipment	323 942			20 484	-	344 426	113 180	-	-	32 751	-	145 931	198 495
Office Equipment	263 382			27 016	-	290 398	133 460	-	-	34 028	-	167 488	122 910
Furniture and Equipment	456 363			34 778	-	491 141	70 593	-	-	66 036	-	136 629	354 512
Loose Equipment	23 731			1 575	-	25 306	2 752	-	-	2 394	-	5 146	20 160
Computer Equipment	444 545			165 850	-	610 395	138 554	-	-	97 556	-	236 110	374 285
Specialised Vehicles	1 116 900			-	-	1 116 900	223 843	-	-	100 229	-	324 072	792 828
Security Items	-			-	-	-	-	-	-	-	-	-	-
Fire Fighting Equipment	1 481			-	-	1 481	379	-	-	285	-	664	817
	43 483 519	-9 116 079	-	16 346 949	-32 753	50 681 636	6 408 115	-	-	1 137 309	-10 183	7 582 609	43 099 027

30 JUNE 2011

Reconciliation of Carrying Value	Cost						Accumulated Depreciation						Carrying Value
	Opening Balance R	Transfers	Correction of Error	Additions R	Disposals R	Closing Balance R	Opening Balance R	Transfers	Correctio of Errors	Additions R	Disposals R	Closing Balance R	
Land and Buildings	4 584 155	25 995	81 029	204 254	-	4 895 433	1 184 693	-	-1 184 693	11 035	-	11 035	4 884 398
Land	389 174	25 995	3 376 810	-	-	3 791 979	-	-	-	-	-	-	3 791 979
Buildings	4 194 981	-	-3 295 781	204 254	-	1 103 454	1 184 693	-	-1 184 693	11 035	-	11 035	1 092 419
Infrastructure	22 186 160	-25 995	-745 652	9 080 834	-	30 495 347	7 319 171	-	-2 320 869	406 755	-	5 405 057	25 090 290
Main: Roads	6 047 619	-	-	1 165 283	-	7 212 902	2 601 943	-	-580 704	162 658	-	2 183 897	5 029 005
Main: Waste Management	5 826 700	-2 168 834	-	1 200	-	3 659 066	662 260	-	-1 186 769	61 136	-	484 092	3 174 974
Main: Electricity	2 762 051	-61 210	-	-	-	2 700 841	1 066 146	-27 016	-150 159	60 799	-	949 770	1 751 071
Main: Water	5 287 426	150 933	-	-	-	5 438 359	1 993 795	74 578	-403 237	122 162	-	1 787 298	3 651 061
Taxi Ranks	-	-	-	-	-	-	-	-	-	-	-	-	-
Airfield	25 995	-25 995	-	-	-	-	-	-	-	-	-	-	-
Work in Progress	-	4 315 480	-745 652	7 914 351	-	11 484 179	-	-	-	-	-	-	11 484 179
Reservoirs/Tanks and Pumps	2 236 369	-2 236 369	-	-	-	-	995 027	-995 027	-	-	-	-	-
Community Assets	531 073	-	3 103 547	1 081 556	-	4 716 176	139 429	-	-139 429	77 674	-	77 674	4 638 502
Recreation Grounds	440 747	-	-212 497	53 534	-	281 784	129 688	-	-129 688	2 283	-	2 283	279 501
Civic Buildings	-	-	961 600	-	-	961 600	-	-	-	9 616	-	9 616	951 984
Transfer Station	-	-	-	292 901	-	292 901	-	-	-	41 843	-	41 843	251 058
Libraries	-	-	1 177 450	-	-	1 177 450	-	-	-	11 775	-	11 775	1 165 675
Parks and Gardens	66 054	-	-66 054	-	-	-	7 859	-	-7 859	-	-	-	-
Bus Terminals	-	-	78 670	-	-	78 670	-	-	-	787	-	787	77 883
Cemetery	24 272	-	27 378	-	-	51 650	1 882	-	-1 882	-	-	-	51 650
Work in Progress	-	-	-	735 121	-	735 121	-	-	-	-	-	-	735 121
Museum	-	-	1 137 000	-	-	1 137 000	-	-	-	11 370	-	11 370	1 125 630
Lease Assets	-	-	32 753	-	-	32 753	-	-	875	4 654	-	5 529	27 224
Office Equipment	-	-	32 753	-	-	32 753	-	-	875	4 654	-	5 529	27 224
Other Assets	2 491 607	-	477 446	374 756	-	3 343 809	1 624 483	-	-1 077 746	362 083	-	908 820	2 434 989
Motor Vehicles	582 070	-	-124 917	256 312	-	713 465	481 429	-	-309 148	53 778	-	226 059	487 406
Plant and Equipment	397 996	-	-74 054	-	-	323 942	396 379	-	-315 276	32 077	-	113 180	210 762
Office Equipment	409 787	-	-176 295	29 890	-	263 382	339 796	-	-237 904	31 568	-	133 460	129 922
Furniture and Equipment	-	-	450 186	6 177	-	456 363	-	-	6 210	64 383	-	70 593	385 770
Loose Equipment	88 640	-	-64 909	-	-	23 731	23 396	-	-23 038	2 394	-	2 752	20 979
Computer Equipment	174 183	-	187 985	82 377	-	444 545	42 513	-	18 672	77 369	-	138 554	305 991
Specialised Vehicles	838 931	-	277 969	-	-	1 116 900	340 970	-	-217 356	100 229	-	223 843	893 057
Security Items	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire Fighting Equipment	-	-	1 481	-	-	1 481	-	-	94	285	-	379	1 102
	29 792 995	-	2 949 123	10 741 401	-	43 483 519	10 267 776	-	-4 721 862	862 201	-	6 408 115	37 075 404

12 PROPERTY, PLANT AND EQUIPMENT

GRAP 17 - Property, Plant and Equipment

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure all the Property, Plant and Equipment in accordance with the standard, including the following:

Land;
Property, Plant and Equipment financed by way of finance leases;
Property, Plant and Equipment financed by way of provisions;
Property, Plant and Equipment transferred as a result of the transfer of functions; and
Componentised infrastructure assets.

The municipality therefore did not utilised the transitional provision in the following areas which resulted in the restatement as per note 34.

- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of the depreciation method applied to PPE recognised in the annual financial statements.
- Review of residual values of item of PPE recognised in the annual financial statements.
- Impairment of non-cash generating assets.
- Impairment of cash generating assets.